



Department of Justice

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FORMER OWNER OF KETTERING-BASED PAYROLL COMPANY ARRESTED IN FLORIDA FOR TAX CRIMES, MONEY LAUNDERING

DAYTON - Rodney R. Richley, II, age 59, of Cape Coral, Florida will be arraigned in U.S. District Court here at 1:30 p.m. tomorrow on charges contained in a 36-count indictment alleging that he defrauded clients of his payroll company, Kettering-based Payroll Data Services, Inc. ("PDS"), of approximately \$4.3 million between January 2000 and April 2003.

Gregory G. Lockhart, United States Attorney for the Southern District of Ohio, Richard T. Morrison, Acting Assistant Attorney General for the U.S. Department of Justice Tax Division, and Jose Gonzalez, Special Agent in Charge, Cincinnati Field Office, Internal Revenue Service-Criminal Investigation announced the indictment, which was returned on June 26, 2007 and unsealed on August 2, 2007. The case is before the Honorable Walter Herbert Rice, Senior United States District Judge for the Southern District of Ohio.

The indictment charges Richley with 10 counts of mail fraud, 16 counts of tax evasion, two counts of willful failure to file a corporate tax return, and 8 counts of money laundering of more than \$10,000. IRS agents arrested Richley August 1 at an apartment in Boca Raton, Florida.

Richley owned and operated PDS from 1990 until he sold it in 2003 and left the Dayton area, ultimately settling in Florida. PDS offered payroll services to the public, including the preparation and filing of federal, state, and local employment tax returns and the automated collection and payment of said taxes. PDS had approximately six employees and 170 clients located in the Dayton, Ohio area.

The indictment alleges that Richley, through PDS, received approximately \$4.3 million of employment taxes from at least 36 PDS clients with the false representation that the funds were to be paid over to the IRS on their behalf. Rather than remitting the employment taxes to the IRS, the indictment alleges that Richley used the money for other purposes, including the purchase of vehicles and a residence in Lawrenceburg, Indiana. To further the scheme, Richley filed false employment tax returns on behalf of his clients underreporting their true employment tax liability.

"Richley's alleged scheme caused great harm to many businesses in the Dayton area. As a provider of employment tax services, Richley had an obligation to his clients to pay over the employment taxes on their behalf," said Lockhart. "Richley's alleged scheme included defrauding both his clients and the IRS. Thanks to the determined efforts of the IRS investigators and the prosecutors from our office and the Tax Division of the Department of Justice, we will now seek to have him held accountable for his conduct."

Each count of mail fraud carries a maximum penalty of 20 years imprisonment. Each count of tax evasion carries a maximum penalty of 5 years imprisonment. Money laundering is punishable by up to 20 years imprisonment.

An indictment is merely an accusation. The defendant is presumed innocent of the charges and it is the government's burden to prove a defendant's guilt beyond a reasonable doubt at trial.

This prosecution is the result of an investigation by the Internal Revenue Service-Criminal Investigation. The case is being prosecuted by U.S. Department of Justice Tax Division trial attorney Jorge Almonte on behalf of Lockhart's Dayton office.

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